



Federal Aviation Administration  
(FAA) Overall DBE  
Goal-Setting Methodology

For

FFY 2016-2018  
Goal Period

Submitted in fulfillment of:

Title 49 Code of Federal Regulations Part 26

*This analysis is prepared exclusively for the Long Beach Airport; it is non-transferable and is not to be duplicated.*



## TABLE OF CONTENTS

I.	INTRODUCTION.....	3
II.	BACKGROUND.....	3
III.	FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2016-2018 .....	3
IV.	GOAL METHODOLOGY.....	4
	<i>Step 1: Determination of a Base Figure (26.45)</i> .....	4
	<i>Step 2: Adjusting the Base Figure</i> .....	5
	A. Past DBE Goal Attainments .....	5
	B. Bidders List.....	6
	C. Disparity Study .....	6
	D. Other Available Evidence.....	6
V.	PROPOSED OVERALL DBE GOAL .....	7
VI.	RACE-NEUTRAL IMPLEMENTATION MEASURES .....	7
VII.	PUBLIC PARTICIPATION AND FACILITATION .....	8



# DBE GOAL METHODOLOGY

## I. INTRODUCTION

The City of Long Beach Airport Department (LGB) herein sets forth its Overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2016-2018 (October 1, 2015 through September 30, 2018), pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs.” The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts, however, the program must be narrowly tailored in accordance with applicable law.

## II. BACKGROUND

LGB is a recipient of U.S. Department of Transportation (USDOT) Federal Aviation Administration (FAA) funding. As a condition of receiving this assistance, the LGB signed an assurance that it will comply with FAA’s DBE requirements. In accordance with Title 49 CFR Part 26 provisions: Participation by DBEs in USDOT Programs, LGB is required to develop and submit a Triennial Overall DBE Goal for its FAA-assisted projects.

LGB presents its Overall DBE Goal Methodology for FFY 2016-2018.

## III. FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2016-2018

Table 1 represents LGB’s FAA-assisted contracting program, which consists of four (4) runway/ taxiway projects considered in preparing this goal methodology.

**Table 1**

PROJECT NAME/DESCRIPTION	TOTAL ESTIMATED PROJECT COST
7R-25L Realignment, Reconstruction and Redesign	\$14,027,000
Conversion of 16L/34R to Txwy C	\$13,923,000
Txwy F Rehab	\$11,219,000
Txwy D Rehab	\$3,809,000

Table 2 provides a summary of the categories of work with estimated cost breakdown for each. Categories of work are groups utilizing comparable North American Industry Classification System (NAICS) codes for purposes of weighting the categories of work based on the engineer’s estimates.

**Table 2:**



CATEGORY OF WORK	NAICS CODES	ESTIMATED % BY NAICS	ESTIMATED FED \$ BY NAICS
Highway, Street and Bridge Construction	237310	40%	17,191,2100
Electrical Contractors and Other Wiring Installation Contractors	238210	14%	6,016,920
Site Preparation Contractors	238910	5%	2,148,900
All Other Specialty Trade Contractors	238990	5%	2,148,900
Asphalt Paving Mixture and Block Manufacturing	324121	24%	10,314,720
Specialized Freight (except Used Goods) Trucking, Local	484220	1%	429,780
Engineering Services	541330	10%	4,297,800
Landscaping Services	561730	1%	429,780
<b>TOTAL</b>			<b>42,978,000</b>

## IV. GOAL METHODOLOGY

### ***Step 1: Determination of a Base Figure (26.45)<sup>1</sup>***

To establish LGB's Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBE) available to bid or propose on LGB FAA-assisted contracting opportunities projected to be solicited during the triennial goal period, LGB followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program (CUCP) DBE Database of Certified Firms* and the 2013 *U.S. Census Bureau County Business Patterns Database* within LGB's market area (defined as Los Angeles and Orange Counties) for each of the categories of work defined in Table 2.

LGB's local market area consists of the geographic area where a substantial majority of contracting dollars are expended and/or where the substantial majority of contractor and subcontractor bids or quotes are located.

In accordance with the formula below, the Base Figure is derived by dividing the number of ready, willing and able DBE firms identified for each work category by the number of all firms identified for each corresponding work category (relative availability), weighting the relative availability for each work category by the corresponding work category weight from Table 2 (weighted ratio), and adding the weighted ratio figures together.

<sup>1</sup> 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.



$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{\text{Number of All Ready, Willing and Able Firms}} \times \text{weight} \times 100$$

- ⇒ For the numerator: CUCP DBE Database of Certified Firms
- ⇒ For the denominator: 2013 U.S. Census Bureau's Business Patterns Database

A concerted effort was made to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator.

The result of the Base Figure calculation is 24.5%, as shown in Table 3 as follows:

**Table 3**

CATEGORY OF WORK	DBES	ALL FIRMS	CATEGORY WEIGHT	WEIGHTED RATIO
Highway, Street and Bridge Construction	45	147	40%	12.2%
Electrical Contractors and Other Wiring Installation Contractors	56	2,475	14%	0.3%
Site Preparation Contractors	35	518	5%	0.3%
All Other Specialty Trade Contractors	45	786	5%	0.3%
Asphalt Paving Mixture and Block Manufacturing	0	24	24%	0.0%
Specialized Freight (except Used Goods) Trucking, Local	161	384	1%	0.4%
Engineering Services	158	2,581	10%	0.6%
Landscaping Services	18	1,788	1%	0.0%
<b>BASE FIGURE</b>				
<b>Base Figure (i.e., Sum of Weighted Ratios for all Work Categories)</b>				<b>14.2%</b>

## **Step 2: Adjusting the Base Figure**

Upon establishing the Base Figure, LGB reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the market area, in accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26.45: Step 2; DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included Past DBE Goal Attainments and Other Evidence, as follows:

### **A. Past DBE Goal Attainments**

As historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform, LGB proceeded to calculate past DBE participation attainments for the three (3) federal fiscal years, for which DBE attainment data is available.



The table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FAA-assisted contracts awarded LGB within the last three (3) federal fiscal years.

**Table 4**

FEDERAL FISCAL YEAR (FFY)	FAA DBE GOAL ATTAINMENT %
2012/13	7.5%
2013/14	8.5%
2014/15	17.4%
<b>Median DBE Attainment Within the Last Three (3) Years</b>	<b>8.5%</b>

The median DBE goal attainment for the past three years is lower than the Base Figure derived from Step 1; therefore, an adjustment to the Base Figure based on LGB's past DBE goal attainments has been made. The adjustment is calculated in accordance with FAA guidance by averaging the Base Figure with the Median DBE Past Attainment, as shown below.

Base Figure (A)	14.2%
Median DBE Attainment (B)	8.5%
<b>Adjusted Base Figure <math>[(A+B)/2]</math></b>	<b>11.4%</b>

#### **B. Bidders List**

LGB's bidders list does not provide sufficient data to date to justify an adjustment to the Base Figure. Bidders List information will continue to be collected on future procurements for the potential use in future DBE goal determinations.

#### **C. Disparity Study**

The Caltrans Disparity Studies indicate there are substantial barriers and disparities for minority and women-owned business and certified DBEs for participation in State of California transportation contracts. LGB has not conducted its own disparity study, and does not feel that an adjustment to the base figure is warranted.

#### **D. Other Available Evidence**

LGB is not in possession of other information that would have an impact on the DBE goal assessment.



## V. PROPOSED OVERALL DBE GOAL

LGB is currently operating a strictly race-neutral DBE Program. As such, LGB will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation.

**The Final Proposed Overall DBE Goal for FFY 2016-2018 for LGB's FAA-assisted contracts is 11.4%.** As a part of the prescribed goal-setting methodology, LGB must project the percentage of its Proposed Overall DBE Goal that can be met utilizing race-neutral and race-conscious measures.

### Race-Conscious & Race-Neutral Projection

LGB intends to continue to use race-neutral methods to meet the overall DBE goal of 11.4% for FFY 2016-2018 in accordance with Title 49 CFR Part 26.51.

RACE-CONSCIOUS & RACE-NEUTRAL PROJECTIONS	
DBE Adjusted Base Figure	11.4%
Race-Conscious Component	0.0%
Race-Neutral Component	11.4%

In order to ensure that LGB's DBE program will be narrowly tailored to overcome the effects of discrimination, if we use contract goals we will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51(f)) and we will track and report race-neutral and race conscious participation separately.

## VI. RACE-NEUTRAL IMPLEMENTATION MEASURES

LGB is currently implementing a number of race- and gender-neutral remedies to outreach and promote the participation of DBEs and small businesses in LGB's FAA-assisted contracting program. LGB plans to continue or implement the following race-neutral measures for FFY 2016-2018 and will continue to explore other options for consideration based on LGB's success in meeting its overall DBE goals based on these efforts. LGB will:

- Arrange timely solicitation, times for the presentation of bids, quantities, specifications, and deliver schedules in ways that facilitate DBEs and other small business firms' participation.
- Carry out information and communications programs on contracting procedures and specific contract opportunities.
- Provide services to help DBEs and other small businesses improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventual self-sufficiency.
- Ensure distribution of DBE directory, through electronic means, to the widest feasible universe of potential prime contractors.



- Assist DBEs and other small businesses, to develop their capability to utilize emerging technology and conduct business through electronic media.

### **Fostering Small Business Participation<sup>2</sup>**

LGB has incorporated a small business element into the DBE Program. An important part of LGB's small business element is its outreach activities. These outreach efforts include active, effective steps to increase small business participation, such as soliciting bids/proposals from DBEs and small businesses, responding to requests for information, participating at pre-bid and pre-proposals meets, and participating at outreach and training events for DBEs and small businesses. LGB will collaborate with regional resources by pooling resources and/or creating joint programs for review and approval by FAA.

## **VII. PUBLIC PARTICIPATION AND FACILITATION**

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business associations, and community organizations within the market area were consulted and provided an opportunity to review the triennial goal analysis and provide input.

LGB issued a Public Notice in general circulation media and minority focused media publishing the Draft Proposed FAA Overall DBE Goal-Setting Methodology for FFY 2016-FFY 2018. The notice informed the public that the proposed goal and rationale were available for inspection at LGB's principal office during normal business hours for 45 days following the date of the Public Notice.

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<sup>2</sup> See Title 49 CFR Part 26 Section 26.39 "Fostering Small Business Participation."